

DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS

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**ADP BULLETIN**

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| Title: Drug Medi-Cal HIPAA Electronic Claims | | Issue Date: 10-20-04 Expiration Date: | Issue No. 04-18 |
| Deputy Director Approval (signed by) Michael S. Cunningham Program Services Division | Function: <input checked="" type="checkbox"/> Information Management <input type="checkbox"/> Quality Assurance <input type="checkbox"/> Service Delivery <input checked="" type="checkbox"/> Fiscal <input type="checkbox"/> Administration | Supersedes Bulletin/ADP Letter No. | |

PURPOSE

The purpose of this bulletin is to notify Drug Medi-Cal (DMC) counties and direct contract providers of the Department of Alcohol and Drug Programs' (ADP) requirement to prepare and submit a plan for conversion to the standard electronic 837 Professional (837P) claim transaction by **Friday, January 14, 2005**. The requirement for the electronic claim submission is mandated by the Health Insurance Portability and Accountability Act (HIPAA) of 1996.

DISCUSSION

As of September 30, 2004, ADP has certified the following counties and direct contract providers to submit 837P transactions: Merced, Sacramento, Los Angeles, Western Pacific, and Pharmatox. For counties and direct contract providers who are not certified or are not submitting all DMC claims in 837P format, ADP is requiring submission to ADP of a Compliance Plan by **Friday, January 14, 2005**. The Compliance Plans will provide counties, direct contract providers, and ADP with a blueprint and schedule for submission of 837P standard electronic DMC claims as required by the HIPAA law, and will support the coordination and resource allocation needed for a successful conversion.

REFERENCES

Under HIPAA regulations (45 C.F.R., Part 162), any health care provider who transmits health information in electronic form in connection with a standard transaction must use the national standard transactions, code sets, and identifiers adopted by the federal Department of Health and Human Services. The final extended deadline for compliance with the electronic transactions and code sets standards was October 16, 2003.



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California's Drug Medi-Cal regulations (C.C.R., Title 22, Section 51341.1), require counties to maintain a system of fiscal disbursement and controls over DMC contract providers and to process claims for reimbursement.

Contracts between ADP and both counties and direct contract providers for the DMC services stipulate that contractors shall perform in compliance with all applicable provisions of HIPAA.

ADP communicated with County Drug and Alcohol Program Administrators and DMC direct contract providers concerning HIPAA Transactions and Code Sets compliance in letters dated September 23, 2003, and November 4, 2003.

BACKGROUND

ADP Role and Responsibilities

ADP's role in this compliance effort is to assist the counties and direct contract providers in becoming compliant for 837P transactions. Specifically, ADP's responsibilities will include:

- Ensure that counties and direct contract providers have the information necessary to submit HIPAA-compliant electronic claims. This information is provided through the Companion Guide available on ADP's web site: www.adp.ca.gov/hp/hipaa.shtml.
- During processing, ensure the security and privacy of Protected Health Information (PHI) contained in DMC claims.
- Ensure that a dedicated testing resource is available for the Testing and Certification process. This resource is currently provided through a consulting contract.
- Maintain the availability of the Information Technology Web Services (ITWS) portal for the submission of electronic claims.
- Provide a forum for collaboration between ADP, counties, and direct contract providers. This is accomplished through the County Alcohol and Drug Program Administrators Association of California (CADPAAC); the Collaborative HIPAA Implementation Project (CHIP); and a soon-to-be established Direct Provider Work Group.
- Maintain communication between ADP and its DMC contractors using the Monthly HIPAA Newsletter, ADP Bulletins, meetings, conferences, and letters.
- Provide the following Single Points-of-Contact for HIPAA Transaction and Code Sets (TCS):

| CONTACT | AREA | TELEPHONE/E-MAIL |
|--|---------------------------|---|
| Assigned Contractor Staff | Testing and Certification | (916) 324-4513 (Kiran Adigopula) kadigopula@adp.state.ca.us |
| Sandra Corti ADP Fiscal Management and Accountability Section Analyst | DMC Claims Processing | (916) 323-1819 scorti@adp.state.ca.us |
| Cathy Phoenix HIPAA Communications Analyst | Compliance Plan | (916) 323-2055 cphoenix@adp.state.ca.us |

In addition to the above areas of responsibility for ADP, below is a list of areas **not** within the scope of ADP's responsibilities:

- Developing test files or production claims.
- Providing software for claims submission.
- Validating the 835 payment remittance.
- Providing funding for any County or Direct Provider compliance activity.
- Resolving test claim errors.
- Communicating with third-party vendors, except when testing has been delegated by the County or Direct Provider to that particular vendor.

Counties and Direct Provider Requirements for the Compliance Plan

Counties and direct contract providers are required to submit a Compliance Plan by **January 14, 2005**; the Compliance Plan should describe their approach and timeline for converting all DMC claims to the HIPAA 837P standard for electronic claims transactions. The Compliance Plan should include, at a minimum, the following information:

- Identify a Single Point-of-Contact for the organization's TCS compliance effort. This individual should be the Compliance Project Manager, although the exact title may vary. Include the individual's name, title, organizational unit, primary e-mail address, telephone, and fax numbers.
- Identify the compliance approach the organization plans to use; e.g., internally developed claims submission software; vendor-provided claims submission software (please identify vendor); clearinghouse (please identify vendor); or other (please specify).
- Identify steps to ensure that subcontract providers are compliant with submission of the 837P transaction. For example, your selected software will be used by the county and their contracted providers.

- Identify barriers that may prevent your ability to become compliant.
- Identify questions or concerns your organization has with the compliance process.
- Provide a milestone schedule which includes, at a minimum, a planned date to begin the testing and certification process.

The Compliance Plan is due to ADP no later than **January 14, 2005**. A template for your Plan is enclosed.

Incentives and Potential Disincentives

Compliance with the 837P transaction standard carries with it some benefits and incentives, including:

- Testing support will be provided by ADP.
- Streamlined claim processing with fewer errors.
- Detailed information made available more readily to organizations on claim errors and denials.
- Improved management information available to organizations using compliant claims process.
- Standardized claim submission and processing.

Conversely, if counties and direct contract providers do not achieve compliance, they will be subject to the following:

- The State will eventually terminate contingency plans and cease processing non-HIPAA-compliant claims for services; and providers would not receive payment.
- Net Negotiated Amount / DMC contract funding may be withheld for non-compliance.
- Federal Government may levy monetary penalties for non-compliance.

To assist counties and providers with their compliance efforts, ADP has organized two TCS technical assistance conferences. The first conference will be held in Sacramento on Thursday, October 21, 2004. An identical conference will be held in Ontario on Thursday, November 4, 2004. ADP urges all DMC counties and providers to attend one of these conferences. Conference information has been mailed and is available on ADP's web page at www.adp.ca.gov.

QUESTIONS/MAINTENANCE

If you have questions regarding this bulletin, please contact Cathy Phoenix, Communications Analyst, HIPAA Compliance Project, Program Services Division, at (916) 323-2055 or cphoenix@adp.state.ca.us. An additional copy of this document may be requested through ADP's Resource Center at (800) 879-2772. This bulletin is also available on ADP's Web page at www.adp.ca.gov.

EXHIBIT

[DMC Compliance Plan Template](#)

DISTRIBUTION

County Alcohol and Drug Program Administrators
Strategic Local Government Services, LLC
Director's Advisory Council
Drug Medi-Cal Contract Providers